

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1917 - SB 1922

February 12, 2018

SUMMARY OF BILL: Extends repeal date for the Go Build Tennessee Program (GBTP) for five years from July 1, 2019, to July 1, 2024. Removes restriction that funds collected from contractor licensing revenue be used only to fund career and technical education programs and other certified and nationally accredited programs.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – The Board of Licensing Contractors will continue annual payments in the amount of \$228,300 to the Go Build Tennessee Corporation in FY19-20 through FY23-24. This will prohibit the Board from spending these funds on other purposes or these funds shifting to the Board’s reserve account.

Assumptions:

- The Go Build Tennessee Act was created by Public Chapter 500 of the 2015 Public Acts, currently codified in Tennessee Code Annotated, Title 4, Chapter 41.
- Pursuant to Tenn. Code Ann. § 4-41-103(b), the Go Build Tennessee Program (GBTP) shall be implemented and administered by a corporation, whose duties shall include, but not be limited to, securing funding to promote and foster the development of a comprehensive statewide program designed to attract and increase career opportunities for secondary and postsecondary students in the construction industry.
- Pursuant to Tenn. Code Ann. § 4-41-103(c), the corporation shall be comprised of an equal number of representatives of commercial and industrial building contractors and subcontractors, residential building contractors and subcontractors, and road building contractors and subcontractors.
- According to the Department of Commerce and Insurance (DCI), the Go Build Tennessee Corporation (GBTC) received a one-time transfer of \$1,750,000 from the Board of Licensing Contractors (BLC) in 2015, and continues to receive annual payments equal to 50 percent of the total fiscal year fund balance (BLC’s fund) from contractor licensing fee revenue, after expenditures.
- DCI indicates that the annual transfers from the BLC to the GBTC since the initial transfer of \$1,750,000 has averaged \$228,301 over the last three years.
- The proposed legislation extends the GBTP for five additional years from July 1, 2019, until July 1, 2024. Extending the GBTP will continue an existing program at current funding and expenditure levels. Therefore, the BLC will continue transferring

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approximately \$228,301 to the GBTC for each of the five years the program is extended as a result of this legislation.

- In the absence of this legislation, the BLC will recapture \$228,301 in annual funding beginning in FY19-20. Under the provisions of the legislation, these funds will continue transferring to the GBTC until July 1, 2024.
- Passage of this legislation will result in an increase in state expenditures from the BLC fund estimated to be \$228,301 in each FY19-20 through FY23-24.
- Pursuant to Tenn. Code Ann. § 4-29-121, all regulatory boards are required to be self-supporting over any two-year period. The BLC experienced a deficit of \$1,824,013.78 in FY16-17, a surplus of \$164,953.94 in FY17-18, and had cumulative reserve balance of \$2,416,253.52 on June 30, 2017.

IMPACT TO COMMERCE:

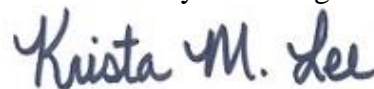
Increase Business Revenue \$228,300/Each FY19-20 through FY23-24/ Go Build Tennessee Corporation

Assumptions:

- The Go Build Tennessee Program was implemented to foster the development of a comprehensive statewide program designed to attract and increase career opportunities for students in the construction industry exclusively.
- The Go Build Tennessee Corporation will experience an annual increase in revenue of \$228,300 in each FY19-20 through FY23-24.
- These funds are used to fund career and technical education programs and other certified and nationally accredited programs to encourage and promote career opportunities in the construction industry that are in secondary schools in this state, postsecondary schools in this state, the Tennessee colleges of applied technology, and other community colleges in this state.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/rbp